

House Study Bill 601 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
LABOR BILL BY CHAIRPERSON
FORRISTALL)

A BILL FOR

1 An Act relating to conformity with federal law concerning the
2 voluntary shared work program under the state unemployment
3 insurance law and including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 96.40, subsection 2, paragraphs b, d, e,
2 f, and j, Code 2014, are amended to read as follows:

3 b. The plan certifies that the aggregate reduction in work
4 hours is in lieu of ~~temporary~~ layoffs which would have affected
5 at least ten percent of the employees in the affected unit or
6 units to which the plan applies and which would have resulted
7 in an equivalent reduction in work hours. The employer
8 provides an estimate of the number of layoffs that would occur
9 absent participation in the program. *"Affected unit"* means a
10 specified plant, department, shift, or other definable unit.

11 d. The shared work plan reduces the normal weekly hours
12 of work for an employee in the affected unit by not less
13 than twenty percent and not more than fifty percent with a
14 corresponding reduction in wages. ~~Only full-time employees who~~
15 ~~normally work between thirty-five and forty hours per week are~~
16 ~~eligible to participate.~~

17 e. The reduction in hours and corresponding reduction in
18 wages must be applied equally to all ~~of the full-time~~ employees
19 in the affected unit.

20 f. The plan provides that fringe benefits will continue
21 to be provided to employees in affected units as though their
22 workweeks had not been reduced or to the same extent as other
23 employees not participating in the program. *"Fringe benefits"*
24 means employer-provided health benefits and retirement benefits
25 under a defined benefit plan or a defined contribution plan
26 pursuant to the Internal Revenue Code.

27 j. The plan is approved in writing by the collective
28 bargaining representative for each employee organization
29 or union which has members in the affected unit, and the
30 plan provides for notification to employees in advance of
31 participation.

32 Sec. 2. Section 96.40, subsection 2, Code 2014, is amended
33 by adding the following new paragraph:

34 NEW PARAGRAPH. k. Participation by the employer shall be
35 consistent with applicable federal and state laws.

1 Sec. 3. Section 96.40, subsections 7 and 9, Code 2014, are
2 amended to read as follows:

3 7. The department shall pay an individual who is eligible
4 for shared work benefits under this section a weekly shared
5 work benefit amount equal to the individual's regular weekly
6 benefit amount for a period of total unemployment, less any
7 deductible amounts under this chapter except wages received
8 from any employer, multiplied by the full percentage of
9 reduction in the individual's hours as set forth in the
10 employer's shared work plan. If the shared work benefit amount
11 calculated under this subsection is not a multiple of one
12 dollar, the department shall round the amount so calculated to
13 the next lowest multiple of one dollar. An individual shall be
14 ~~ineligible~~ eligible for shared work benefits for any week in
15 which the individual performs paid work for the participating
16 employer ~~in excess of the reduced hours established under the~~
17 ~~shared work plan for a number of hours equal to not less than~~
18 twenty percent and not more than fifty percent of the normal
19 weekly hours of work for the employee.

20 9. ~~a. Notwithstanding any other provisions of this chapter,~~
21 ~~all~~ All benefits paid under a shared work plan, ~~which are~~
22 ~~chargeable to the participating employer or any other base~~
23 ~~period employer of a participating employee,~~ shall be charged
24 ~~to the account of the participating employer under the plan in~~
25 the manner provided in this chapter for the charging of regular
26 benefits.

27 **b.** An employer may provide as part of the plan a training
28 program the employees may attend during the hours that have
29 been reduced. Such a training program may include a training
30 program funded under the Workforce Investment Act of 1998,
31 Pub. L. No. 105-220. If the employer is able to show that
32 the training program will provide a substantive increase in
33 the workplace and employability skills of the employee so as
34 to reduce the potential for future periods of unemployment,
35 the department shall relieve the employer of charges for

1 benefits paid to the individual attending training under the
2 plan. The employee may attend the training at the work site
3 utilizing internal resources, provided the training is outside
4 of the normal course of employment, or in conjunction with an
5 educational institution.

6 Sec. 4. APPLICABILITY. This Act applies to all voluntary
7 shared work plans approved by the department of workforce
8 development on or after July 1, 2014.

9 EXPLANATION

10 The inclusion of this explanation does not constitute agreement with
11 the explanation's substance by the members of the general assembly.

12 This bill conforms the voluntary shared work program under
13 the state unemployment insurance law to the requirements of
14 sections 2161, 2162, and 2165 of the federal Middle Class Tax
15 Relief and Job Creation Act of 2012, Pub. L. No. 112-96.

16 Under current law, the program applies only to temporary
17 layoffs and full-time employees. The bill strikes these
18 limitations. The bill requires participating employers to
19 provide the department of workforce development an estimate of
20 the number of layoffs that would occur absent participation in
21 the program. The bill defines "fringe benefits" for purposes
22 of the program as employer-provided health benefits and
23 retirement benefits under a defined benefit plan or a defined
24 contribution plan pursuant to the Internal Revenue Code. The
25 bill requires employers to notify their employees in advance
26 of participation in the program. The bill specifies that
27 participation in the program by an employer must be consistent
28 with applicable federal and state laws. The bill provides that
29 voluntary shared work benefits are available if an employee's
30 normal weekly hours of work are reduced by not less than 20
31 percent and not more than 50 percent. The bill provides that
32 voluntary shared work benefits are to be charged to employers
33 in the same manner as regular unemployment insurance benefits.
34 The bill provides that job training funded under the federal
35 Workforce Investment Act of 1998, Pub. L. No. 105-220, is

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1 included as training that may be provided for employees by
2 employers under the program.

3 The bill applies to all voluntary shared work plans approved
4 by the department of workforce development on or after July 1,
5 2014.